GOVERNMENT OF INDIA
POWER
LOK SABHA

UNSTARRED QUESTION NO:3287
ANSWERED ON:11.12.2000
FINANCIAL CLOSURE OF POWER PROJECTS
JAI PRAKASH

Will the Minister of POWER be pleased to state:

(a) whether it is a fact that ongoing private power projects of the country have failed to reach financial closure in absence of promoters;

(b) if not, the reasons therefor;

(c) whether the Government have fixed any time limit for private power projects to reach financial closure; and

(d) if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRIMATI JAYAWANTI MEHTA)

(a) & (b): The reasons for a number of private power projects, which have been accorded techno-economic clearance of Central Electricity Authority, not achieving financial closure is not the absence of project promoters, but various other factors, primary among which is the poor financial health of most of the State Electricity Boards who do not have the financial capability to support more than a few projects in terms of regular payment of bills of electricity purchased by them from such projects.

(c) & (d): While according techno-economic clearance to the schemes for setting up power projects in the private sector, Central Electricity Authority (CEA) generally prescribes a six months period for submissionof the firm financial package, along with the recommendations of the concerned State Government. Further extensions are allowed after considering the requests received in this regard along with adequate justification and recommendations of the State Governments concerned.